

## Message Text

UNCLASSIFIED

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13

ACTION FBO-01

INFO OCT-01 ARA-10 ISO-00 L-03 /015 W

----- 043846

R 082236Z MAR 74

FM AMEMBASSY MEXICO

TO USIA WASHDC

INFO SECSTATE WASHDC 560

UNCLAS MEXICO 2076

E.O. 11652: N/A

TAGS: ABLD, AFSP, MX

SUBJ: SHORT-TERM LEASE FOR DIRECTOR, RSC, MEXICO

REF: A. USIA 4509

B. MEXICO 1684

C. USIA 9358, MAY 15, 1973

D. MEXICO 2865

E. JAMES S. THOMAS LTR, MARCH 30, 1973

EMBASSY SHARES CAICEDO'S PUZZLEMENT OVER IMPLICATIONS OF REF A. SPECIFICALLY, AS REVIEW AGENCY SHORT-TERM LEASES WILL SHOW (SEE S34FBO-2095-IA; S34FBO-2181-IA; S34FBO-2217-IA; AND S173FBO-80-IA) STIPULATED PERIODIC RENT INCREASES ARE A COMMON FEATURE OF RENTING IN MEXICO AND THOSE SET FORTH IN THE PROPOSED CAICEDO LEASE ARE, WHEN EXPRESSED IN PERCENTAGE TERMS, FULLY IN LINE WITH MEXICAN CIVIL LAW AND BUSINESS PRACTICE. AS TO MATTER OF REGISTRATION FEES, AGENCY'S ATTENTION IS CALLED TO 6 FAM 755.2 (C) WHICH PERMITS PAYMENT OF LEASE REGISTRATION COSTS WITH DEPARTMENT'S APPROVAL. AS EXPLAINED REF B, REGISTRATION OF A NEW CONTRACT IS OF NO GREAT VALUE TO CAICEDO'S LANDLORD, WHO ALREADY HAS A BINDING CONTRACT WITH HIS TENANT. IN THIS CASE, ADVANTAGES OF REGISTRATION ACCRUE IN LARGER MEASURE TO USG AS LESSEE THAN THEY DO TO LESSOR.

2. EMBASSY APPRECIATES AGENCY'S SUGGESTION TO ENTER INTO "RENEGOTIATION" WITH LESSOR, BUT IN LINE WITH AGENCY'S WISHES AND AS EXPRESSED IN TELCONS TO CAICEDO BEFORE WE ENTERED UNCLASSIFIED

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SERIOUS NEGOTIATIONS IN JANUARY 1974, WE SOUGHT FIRM TWO YEAR

RENEWAL WITH NO INCREASE AS WELL AS TO HAVE LESSOR ASSUME  
REGISTRATION COSTS. MEXICO 1684 REPRESENTS BEST RESULTS WE  
COULD OBTAIN AND WE BELIEVE THEY ARE REASONABLE IN THIS MARKET  
IN WHICH LAND VALUES RISING AT 5 PERCENT TO 10 PERCENT YEAR AND  
WHICH IS FEELING EFFECTS OF SKY ROCKETING COSTS OF LIVING.

3. EMBASSY BELIEVES AGENCY MAY WISH REVIEW ITS DECISION  
IN LIGHT FOREGOING COMMENT.

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
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**To:** USIA  
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